

Message Text

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17

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGR-10 H-02 PA-02 PRS-01 /106 W

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R 130230Z JUN 75

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 1994

INFO AMEMBASSY TEHRAN

UNCLAS KATHMANDU 2694

E.O. 11652: N/A

TAGS: EAID NP IR

SUBJ: IRANIAN ECONOMIC MISSION VISITS NEPAL

1. A FIVE-MEMBER ECONOMIC DELEGATION FROM IRAN, LED BY ADUL HASAN MIR BAHA, DIRECTOR OF IRAN'S MINISTRY OF FINANCE AND ECONOMIC AFFAIRS, DEPARTED NEPAL JUNE 5 AFTER A FOUR-DAY VISIT. WHILE HERE, THE MISSION MET WITH PRIME MINISTER RIJAL AND OTHER CABINET OFFICIALS TO DISCUSS POSSIBILITIES OF IRANIAN AID TO NEPAL.

2. WHILE AGRICULTURE WAS THE PRINCIPAL FOCUS OF DISCUSSIONS, THE POSSIBILITY OF ASSISTANCE IN OTHER AREAS WAS ALSO RAISED. IN THE AGRICULTURAL SECTOR DISCUSSIONS REPORTEDLY CENTERED ON FINANCIAL ASSISTANCE FOR CONSTRUCTION OF MEDIUM-SIZED IRRIGATION PROJECTS AND THE SUPPLY OF FERTILIZER ON CONCESSIONARY TERMS. OTHER ITEMS DISCUSSED INCLUDED HOTEL CONSTRUCTION, ESTABLISHMENT OF AN AIR LINK BETWEEN KATHMANDU AND TEHRAN VIA KARACHI, COLLABORATION ON DEVELOPMENT OF THE KHARIDUNGA MAGNESITE DEPOSIT, AND EXPANSION OF TRADE BETWEEN THE TWO COUNTRIES WITH NEPAL EXPORTING JUTE, JUTE PRODUCTS, TEA, RICE AND CARDAMON TO IRAN, WHILE IMPORTING PETROLEUM, COTTON AND FERTILIZERS.

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3. FOLLOWING THE DEPARTURE OF THE IRANIAN DELEGATION IT WAS ANNOUNCED THAT A NEPALESE MISSION WOULD SOON LEAVE FOR IRAN TO FINALIZE ARRANGEMENTS FOR THE ANNUAL IMPORT OF 40,000 TONS OF POL PRODUCTS. (NEPAL'S ANNUAL CONSUMPTION OF POL IS ABOUT 110,000 METRIC TONS.)

4. COMMENT: THE TOPICS DISCUSSED HAVE LONG BEEN OF INTEREST TO NEPAL. THE GON IN COLLABORATION WITH UNDP, IBRD AND ADB HAS IDENTIFIED SEVERAL IRRIGATION PROJECTS FOR WHICH FINANCING IS NEEDED. NEPAL'S NATIONAL AIRLINE, RNAC, WISHES TO EXPAND ITS ROUTES WITH TEHRAN FREQUENTLY MENTIONED AS A POSSIBILITY, AND RNAC MANAGEMENT IS NOW SEEKING A SECOND JET TO COMPLEMENT ITS PRESENT SINGLE 727 WITH THIS ROUTE EXPANSION IN MIND. WITH REGARD TO HOTELS, NEPAL STILL NEEDS ADDITIONAL HOTEL ROOMS, AND THERE IS SPECULATION THAT MENTION OF HOTEL CONSTRUCTION COULD BE RELATED TO A FORMER INTEREST OF PANAM-INTERCONTINENTAL IN CONSTRUCTION OF A FIVE-STAR HOTEL IN KATHMANDU ON THE SITE OF THE FORMER HOTEL ROYAL. THIS PROJECT WAS KILLED IN FINAL STAGES OF PREPARATION DUE TO CONCERN OVER IMPACT OF ENERGY CRISIS ON TOURISM IN NEPAL.) FOR SOME TIME NEPAL HAS BEEN INTERESTED IN OBTAINING PETROLEUM PRODUCTS FROM IRAN IN QUANTITIES SUFFICIENT TO MEET A LARGE SHARE OF ITS REQUIREMENTS. WE ARE TOLD THAT GON IS HOPEFUL OF WORKING OUT ARRANGEMENTS WHEREBY ITS PAYMENTS TO IRAN FOR PETROLEUM PRODUCTS COULD BE USED TO FINANCE IRANIAN AID

PROJECTS IN NEPAL. FINALLY, GON IS EAGER TO DEVELOP MAGNESITE DEPOSIT ON KODARI ROAD AND IS KNOWN TO BE SEEKING CAPITAL TO MATCH PROPOSED INVESTMENTS FROM INDIAN BUSINESS INTERESTS. WHILE VISIT OF IRANIAN TEAM WAS BILLED AS FACT-FINDING MISSION, WE WOULD BE INTERESTED IN ANY FUTURE INFORMATION EMBASSY TEHRAN MIGHT PICK UP REGARDING POSSIBILITY OF IRANIAN AID TO NEPAL. QUANTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE VISITS, AGRICULTURAL PROGRAMS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KATHMA02694
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750206-0225
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750653/aaaabwfa.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 20 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 FEB 2003 by PhilliR0>; APPROVED <12 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRANIAN ECONOMIC MISSION VISITS NEPAL
TAGS: EAID, NP, IR, (BAHA, ADUL HASAN MIR)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006